

**CITY COUNCIL WORK SESSION
CITY OF WATERTOWN
September 14, 2015
7:00 p.m.**

Mayor Jeffrey E. Graham Presiding

Present: Council Member Roxanne M. Burns
Council Member Joseph M. Butler, Jr.
Council Member Stephen A. Jennings
Council Member Teresa R. Macaluso
Mayor Graham

Also Present: Sharon Addison, City Manager

City staff present: Ken Mix, Brian Phelps, Justin Wood

DISCUSSION

Arena Progress

Mayor Graham began the meeting by mentioning the progress made on the arena and asked what Council's consensus was on taking a tour of the facility in early October, on a Tuesday or Wednesday evening.

Council agreed.

Stateway Plaza

Mayor Graham noted he called Mr. Donegan today regarding Council's action last week on Stateway Plaza. He asked where the progress goes from here and asked the City Manager for input.

Ms. Addison replied there are a couple issues to be checked on and staff is meeting later this week so a report will be prepared for next Monday's meeting.

Washington Post Article Regarding Fire Service

Regarding an article distributed by the City Manager about fire departments, Mayor Graham said it was an interesting analysis.

City Hall Parking Lot Expansion and Offer of Lands at 201 Sterling Street and 231, 237 and 241 Goodale Street

Justin Wood, City Engineer, directed Council to his memo and the conceptual layouts included. This summer, there were two different inquiries to the City about parcels on Goodale Street and on Sterling Street. The Sterling Street property, he said, is not a large lot but is substantial enough that when combined with some other parcels greater space can be gained. The other inquiry consists of three properties on Goodale Street. Two of those are gravel lots used for parking now, and the other has a two

family house on it, he said. If the City were to pursue purchasing those lots, staff discussed the potential use for parking. Right now parking space is maxed out at City Hall, he said, noting there are 84 parking spaces to cover 55 staff members. City Court has 11 on staff and there are City vehicles that are routinely parked in the lot as well, leaving 10 spaces available for the public to come and do business. He mentioned the court expansion project that may add up to seven employees at which point the existing parking lot would almost be at maximum capacity.

Mayor Graham commented that one of the proposals only yields 14 spaces while the other one adds about 30. At this point in time, the City does not know exactly what the property owners want.

Council Member Butler inquired about the assessed values of 241 Goodale Street and 201 Sterling Street.

Mr. Wood replied that he does not know.

Council Member Macaluso asked if there was any way the City could just purchase 231 and 237 Goodale Street without buying 241.

It is unclear, Mr. Wood replied, and it would have to be negotiated further with the owners.

Mayor Graham discussed which properties to obtain and mentioned acquiring the McIntosh property. He added an argument that arises during the Citizens Advisory Board meetings is this section of downtown is deficient in parking. He mentioned the portion of a Goodale Street parking area used as a cut through.

Mr. Wood responded that he met with Mr. Murray a few weeks ago to communicate about the bigger picture and he is content with the use of his lots for the space. He added that he believes Mr. Murray leases out some property, and has some concerns about store fronts in the Solar Building and if Goodale Street were to be decommissioned, those stores would front onto a parking lot. Mr. Wood noted that J.B. Wise is a parking lot that accounted for store fronts. If the street is not utilized anymore and all the properties are combined, Mr. Wood said there is not a tremendous gain in parking but there would be greater availability to the public.

Mayor Graham pointed out additional land behind 231 Goodale Street.

Mr. Wood replied that is the back side of the property where Anthony Neddo's offices are located.

If this is going to be moved on, Mayor Graham said it would be advantageous to have a strategy for determining the price and making an offer. The concern is that when there is interest expressed, the price goes up, he said. He said he is less worried about Mr. Kehoe's properties than the one on the corner because that is obviously occupied and has some cash flow.

Council Member Jennings noted 201 Sterling is assessed for \$127,700 and 241 Goodale is assessed for \$39,600.

Discussion centered on the options moving forward including the sale of parcels and development for the parking areas. Mayor Graham suggested pursuing the Kehoe properties first.

Council Member Macaluso expressed concern about the price of this endeavor.

Noting there is a qualitative improvement to this project, despite the cost, Mayor Graham said there would be blight eradication. He added that a decision cannot be made without more information and it would be best to ask the City Manager to investigate the acquisition issues.

Council Member Butler inquired if the demolition could be covered by CDBG money.

Ken Mix, Planning Coordinator, said it may possibly be done but a case still has to be made that the property is blighted. He mentioned the property that is occupied, noting it may not be in the best condition, would be a difficult case. The vacant property would be an easier argument to make, he said.

Council discussed which properties are occupied and how the CDBG money could be utilized.

Council Member Burns commented that with these properties and with others in the future, when something is brought before Council for a decision, it would be beneficial if the report would include the assessed value of the properties, status of taxes or code violations on the properties. She added that the information is readily available at City Hall and would make for a more complete package for Council to make determinations.

Council Member Macaluso pointed out that Council should know what the property owners expect from them.

Mr. Wood said the task was just to show a potential use and to see if there was interest in going further.

Mayor Graham mentioned the big demand for parking in this neighborhood is from the State Office Building. The question is, are we building an expanded City lot with restricted use or will this be a new public parking lot in which case there will be a lot of use from the State Office Building. It could be that some of the parking demand of businesses in the vicinity could be met, but that would mean developing the 30-spot parking lot and hope for the best.

Discussion continued about how many spots are lost during the winter months due to snow plowing and removal. Mr. Wood said 4-5 spaces are easily lost.

Council Member Butler said he is interested in pursuing this because there are a lot of complaints about the lack of parking and when the court expands, that will intensify the issue. He also described a plan to connect the Library parking lot with the City Hall lot, because there is no defined walkway there. A set of stairs would aid in going between the two areas.

Mayor Graham commented that he brings up a good idea and he sees people going up and down that hill often. He said that is definitely something the City should do because it has been that way for years, but noted it is a separate issue which should be pursued on its own.

Council concurred to have the City Manager explore the acquisition issues.

138 Court Street Proposals

Mayor Graham pointed out that Steve Bradley and Tom Millar are present to discuss their proposals. Mr. Millar displayed some aerial photos of the property to be discussed. While the displays were being set up, Mayor Graham noted there is a rendition of the Stateway Plaza proposal.

Mayor Graham asked if there were any opening remarks and reminded Council there were presentations done previously. He noted a concern he heard was about the integrity of the roof and if it could sustain another winter.

Mr. Bradley said that he saw the roof area on Sunday when he was showing one of his apartments and noticed there is 8 to 10 inches of standing water because the drains are not working. He voiced his concerns regarding the timeline in which this will get repaired and how it affects the structural integrity of the rest of the building.

Mayor Graham discussed how the RFP was set up and noted that however Council decides will allow a six-month window to arrange finance particulars.

Discussion centered on the grant process and approval at the State level. Mr. Bradley explained that once the State does its part and the particular entities vote, the grant money is readily available.

In response to a comment by Mayor Graham, Mr. Bradley agreed that the grant is key to his project because of the asbestos issue.

Mr. Millar noted that he is seeking to use funding from DANC, and has had a few conversations on the matter. He explained he is trying to include the J.B. Wise and Smith Restaurant Supply building which would increase the funding to \$500,000 for a grant, and the same amount for a loan to combine the three projects. He said the City might want to consider that the prospective developer could pay to patch the roof before winter.

Mr. Bradley said it is not a patch issue, but all the drains need to be replaced in the building. He said the problem has been ongoing for four years and has gotten progressively worse.

Mr. Millar mentioned a temporary fix just before winter, and possibly having the City consider a contractor do the work and add it on to the price or pick a preferred developer and have them do it before winter.

Council Member Macaluso asked if either entity has the money to take care of the asbestos issue right now.

Mr. Bradley said he is relying on funding.

Mr. Millar replied that the issue was packaged into his whole financial plan, with \$180,000 set aside for the roof and the asbestos abatement. He said he would rather do the work himself than have the City do it, within the financial structure he put in place. He discussed funding and combining his projects.

Council Member Butler asked Mr. Millar about other projects he has done similar to the proposed one and if there was someone he could call to give a testimonial to him about the project. He added that Mr. Bradley has done a lot of work downtown already and he thanked Mr. Bradley for that.

Mr. Millar responded that he can give a list of contacts and formal references for work on the Woodruff Project in Oswego, New York, which is similar because it was 16,000 square feet and it was fully gutted. Approximately \$1.4 million was put into that project, he said, including seven market-rate apartments. He said he wishes to bring Berkshire-Hathaway into the Court Street building as well as a brewery into the basement space. Mr. Millar also said he brought pictures of that project to show Council.

Regarding low- to moderate-income apartments, Council Member Butler asked Mr. Millar if he was still planning on utilizing those demographics for the apartments, which was mentioned in a previous presentation.

The apartments will be both moderate-rate and market-rate, Mr. Millar replied.

Discussion continued about the difference between low- and moderate-rates, with the explanation that it is based on income qualifications. In addition, funding levels can fluctuate based on how the apartments are categorized.

Council Member Butler asked what Mr. Millar's vision is for the commercial portion of the project.

Mr. Millar explained that Berkshire-Hathaway will manage the buildings and have an office located there. He noted the building is landlocked and to do much with commercial is difficult other than a store front and a retail shop. There is a lot of cramped space in the back, he said, and parking and landscaping is needed. Per a conversation with DANC, he expressed his wishes to expand his project to three buildings and do the outdoor improvements. In response to a question from Council Member Butler, he said the brew-pub will may be developed but rather a restaurant, which would be more suitable based on parking.

Mr. Bradley responded to a question about his idea for potential development on the first floor. He explained that he would establish a combination grocery store and deli, which is needed downtown. In addition, with the new COR project, a grocery store would be a good add-on because of the increase in apartments in the area.

Mayor Graham asked if Mr. Millar currently has some type of control over the Smith Restaurant building.

Mr. Millar replied that he has a lease. With regard to bankruptcy issues, he explained that it may go in to that. He said he gave a proposal to the bank because all three of the buildings (J.B. Wise, Smith Restaurant and Berow & Monroe) qualify for historic tax credits. He added that he received his first permits two weeks ago for the J.B. Wise project. Discussion centered on the small building attached to the side of the Smith Restaurant Building. Mr. Millar noted that is included in the other property and a tenant is occupying it currently. They mentioned the vacant lot, which is the former Max's Outfitters, and that it is managed by Tony Keating. He said he has had some conversations with Mr. Keating,

noting there is a conglomerate that is involved, and he is proposing either an easement, lease or purchase of that building.

Mayor Graham referred to the conglomerate that owns the vacant lot and asked if they are willing to sell it.

Mr. Millar said he did not know. He referred to the aerial photo of the section of downtown being discussed, pointing out the buildings and areas he owns. He further explained his ideas for his project, pointing out the areas that are landlocked which would be difficult to access by tractor trailer for grocery deliveries. He discussed parking spaces needed for apartments. He reiterated that his goal is to combine the projects using DANC and the tax credits awarded if the building projects are combined. Mr. Millar noted regarding the tax credits, he already has the initial approval but said it will not be a quick process.

Mayor Graham commented that Mr. Bradley is suffering adverse impacts from the roof issue.

Council Member Butler mentioned the tax credits referred to and asked if it is competitive process.

Mr. Millar explained it is not competitive and these are historic tax credits, since all three buildings are on a historic registry. He said there is a forty percent return in tax credits on money put into the projects. He explained how the process works with construction costs and bank payments. Any way it is looked at, Mr. Millar said the property most likely will not be transferred until spring. He asked if the City wants to take on efforts to fix the building to a certain degree before winter then choose a prospective buyer and they could pay the difference.

Mayor Graham stated that as of right now, Council does not know exactly what repairs will be needed.

Mr. Millar said if the City does pick a developer, he suggested an option agreement could include wording that there is no liability to the City and he could have a contractor look at the roof to say what needs to be done now and what must be done in the spring.

This is a multi-part project that solves different problems, Mayor Graham said, but noted there are risks in obtaining that much money. Mr. Bradley's plan has a simpler financing package that is probably more easily executed but short term, he said. It is advantageous that he already has a building next door and has done something similar to his property, although it was not as dilapidated.

Council Member Macaluso commented that everyone wants to get the building taken care of as soon as possible, with little to no cost to the community. She said she was under the impression Council would proceed with Mr. Bradley's plan.

Mayor Graham asked if there was enough information available now to make a decision, and added that he is not sure there is because of the problem with grant delays and he said if someone is chosen right away, he doubts they will be able to fix these problems right away.

Mr. Bradley said when the grant is in place, and if it were given in October, once it is passed at the state level and given to DANC, they will award it at their next board meeting in October and the money will be readily available. He added that he would be ready to go at that point.

Discussion continued about funding and whether DANC will receive support from the state. Council Member Butler voiced his concern that it will not happen in October and after that timeframe, the weather could impede any further work.

Mr. Bradley added an additional concern is that he owns the building attached to this one being discussed and they have a shared wall, making a roof collapse that much more of an issue for him.

Mr. Millar said based on that, what makes sense is to allow a period of time, perhaps two weeks, for him to look at the roof with some roofing contractors to get a better idea of what needs to be fixed before winter. He said he does not have a problem doing work or getting it prepped for winter, adding the City does not need to take his bid based on that. Mr. Millar added that no grant money will come through before winter that is sizeable enough to cover that expense.

Mayor Graham noted that since the City owns the building, the City should have someone ascertain what the problems are.

Council Member Butler said he agrees, but the problem legally is that it becomes a “pay to play” type of issue. He added it is the City’s responsibility to do that. In response to what Council’s consensus is, he said he would like a professional opinion about the roof and a possible solution. He asked if it can be reviewed internally.

Mr. Wood replied that it could be looked at and he spoke with Shawn McWayne, Code Enforcement Supervisor, on the issue. He explained that the roof leaders are embedded in the masonry wall so the wall needs to be replaced or new plumbing needs to be installed.

Mr. Bradley added that it is not just the drains, which affect the back building where the water is entering his building. The top roof has had standing water on it for a long time, he said, and that water is penetrating into the structure of the main roof.

Council Member Macaluso asked if the roof situation is resolved, where Council goes from there.

Assess the roof, see what the price is and build that cost into the proposal, Council Member Butler suggested.

Council Member Jennings commented that it sounds like the roof needs to be fixed immediately and asked if there is a temporary solution.

Mr. Bradley said temporary fixes have been tried but it did not work. He explained the pipe at issue is buried half-way in to the shared wall which causes water to enter his building any time there is a downpour.

Discussion mentioned if Mr. Bradley put the City on notice because of the leakage. Mr. Bradley said he had given notice. Ms. Addison commented the City just took ownership of the property.

Council Member Butler asked when Mr. Millar was last in the building.

Approximately six to eight weeks ago, Mr. Millar replied, when he did a walk-through with Mr. Mix to assess the asbestos issues and review other aspects of the building. When asked how much he would put in to the building to make it up to his standards, Mr. Millar said he would spend at least \$800,000.

Mr. Bradley remarked he would spend about the same amount.

Mr. Millar said that would be on the low end because of the asbestos abatement and new roof structure needed. Per apartment, the cost would be approximately \$70,000. He said it would be simpler to not have a brewery on the lower level and instead have real estate offices to manage the building.

Mayor Graham commented that he does not mind waiting to see what the status of the roof is and that he is leaning toward Mr. Bradley because his is a simpler scenario.

Council discussed obtaining the roof information prior to making a decision.

Mr. Millar mentioned getting a recommendation from DANC and Mr. Mix.

Mayor Graham stated he would like to speak with a couple people who are in a better position to judge prospects for success. Ultimately whatever is done, the City wants it to succeed, he added.

Council Member Jennings asked if the information regarding the roof could be obtained by next Monday evening.

Mr. Wood noted that in order to see what the fix is, there should be a hazardous materials assessment, for either the whole building or just for the portions that would be affected by construction, but that is a variable that is unknown right now.

Council Member Butler suggested siphoning off the water to get some of the weight off the roof.

Mr. Bradley said the roof collects a substantial amount of water in just one rainfall.

Discussion revolved around fixing the roof drains and what they are made of. Questions were asked as to where the drains end and if a camera could be run through them to determine the problem.

Mr. Bradley replied the drains go to the basement.

Council Member Burns explained that a roof drain in a building of that age would go into the basement then into the sewer system. She requested that staff go to the building tomorrow to investigate the standing water on the roof and have the City Engineer take a look and email Council on the status of the immediateness of curing the water issue. She also requested to be informed about any estimates of roof repair.

To reiterate, Council Member Macaluso said Council will find out about the roof issue and the cost of fixing the problem but asked where the project goes from there. She added that she does not want the City to be stuck with this building through the winter.

Mayor Graham reminded Council that they are not in session so the ability to enact a resolution is limited. He added that, from what he is hearing, there are not sufficient votes to make a designation tonight but it could be done next Monday night.

Council Member Macaluso asked what the deal-breaker is for the developers.

Mr. Bradley replied the funding from DANC is what he is waiting on.

Mr. Millar noted that is not a deal-breaker for him and further discussed grant structures and funding timelines. He suggested obtaining a roof recommendation and said it is important the winter is not lost to planning so it is ready for spring construction.

Mayor Graham inquired about the plans done by Aubertine & Currier and if they were detailed.

They were not detailed, Mr. Millar replied, and added that he does not agree with them. He said the plans showed 12 apartments but only seven could reasonably fit, once the stairs and building structure are accounted for. He mentioned a Syracuse firm that did plans for \$40,000 for the J.B. Wise building and it took a while.

Cost of the entire project was mentioned by Mayor Graham and the fact the figures are well into six-figures for each unit when the retail space is added in.

Mr. Millar commented that his interest is in combining the three projects and noted the tax credits received.

Mayor Graham asked if he wished to create a synergy between the Smith Building and the one he is doing now without the Berow & Monroe building.

Mr. Millar said it is a possibility and added he is also interested in strategic partnerships and offered to have a conversation with Mr. Bradley about combining ideas and interests. He said his concept is to have everyone work together to build a new section of town.

Request for Chairs

Council Member Butler said he received a request today for chairs for the Bravo Italiano Fest this weekend.

Ms. Addison said staff will follow up on that request.

Work session ended at 7:59 p.m.

Amanda C. Lewis
Deputy City Clerk